



# Monthly Sugar Note

24<sup>th</sup> February 2026

## Markets

After four months trading within the 15.3-14.0 c/lb range, the market broke lower in mid-February. This move reinforced the perception that a price floor has yet to be established and that further downside cannot be ruled out. Despite a greater number of supportive developments than negative ones in recent months, none have been sufficient to shift the prevailing bearish sentiment.

India's expected short tail to the crop is increasingly becoming a reality. By mid-February, the country had produced 22.5mmt of sugar, 14% higher than last season. However, February data alone point to an accelerated end to the harvest. Between February 1 and 15, cane crushing totalled 30.1mmt, down 7% year-on-year. The number of mills closing has already surpassed last season, albeit marginally, with eight mills ending operations—three more than at the same point last year. As a result, sugar production will certainly stay behind 30mmt, at least 3mmt lower than expected in the start of the season.

Despite this backdrop, the government authorized an additional 500 kt of export quota, bringing the total to 2.0mmt. While this announcement made headlines, its practical impact is likely to be limited, as weak world prices continue to discourage exports. Even so, we may see India ending stocks at lower than the previous season when stocks stood at just 4.5mmt.

**Figure 1: NY11 front month prices**



**Figure 2: Net spec position**



Source: Reuters and ED&F Man Commodity Research

Thailand's crop continues to lag last season. As of February 16, the country had crushed nearly 65mmt of cane, 7% below the previous season, while sugar output remains 6% behind last year's level. That said, sugar yields have been supportive in recent days, averaging 10.79% over the past week, compared with



10.59% in the prior crop. As in India, the final crop is now expected to fall short of initial projections. However, the decline should be relatively modest, with production estimated at around 10.5 mmt—approximately 500 kt below the start-of-season forecast.

Brazil's Center-South crop is virtually complete. By the end of January, 601mmt of cane had been crushed, 2.2% below last season. Sugar production reached 40.2mmt, nearly 1% higher year-on-year. Weather conditions have been less than ideal, but still sufficient to support good cane development for the upcoming season. Elevated ethanol prices are now clearly affecting hydrous ethanol consumption. At present, ethanol is no longer price-competitive with gasoline in any Brazilian state. According to UNICA, January hydrous sales to the domestic market totalled 1.6 million cbm, down 12% month-on-month. In contrast, anhydrous ethanol consumption—blended with gasoline—reached 1.2 million cbm, up 9% year-on-year. Overall, price signals are working as intended: gasoline consumption is rising, which should help rebalance hydrous ethanol stocks.

Looking ahead, the start of the new crop combined with weaker hydrous demand is expected to push ethanol prices lower. The key uncertainty lies in the speed and magnitude of this adjustment. Ethanol price levels will ultimately determine the sugar-ethanol mix and, by extension, sugar output from the world's largest sugar exporter.

It is also important not to overlook the market's heavy net short positioning, which is approaching record levels. According to the Commitments of Traders report, as of February 10 the net speculative short stood at just over 250,000 lots, while commercial participants held a net long position of 44,000 lots. This imbalance limits the scope for higher prices, as producers remain underhedged.

While Brazil's biofuel dynamics and speculative positioning are clearly weighing on prices, it remains uncertain whether the market has fully priced in the magnitude of the expected decline in Indian production. Indian sugar is essential to balancing global trade flows. Once the size of the Indian crop becomes clearer, the market should gain better direction; until then, prices are likely to continue hovering near current lows.

## Fundamentals

- **Brazil C/S:** CS production up to the end of January has reached 602mmt (-2.2% YoY) with ATR at 138.3Kg/t (-2.2% YoY) and sugar mix at 50.7% (vs 48.1% LY), resulting in sugar production of 40.24mmt (+0.9% YoY). Outlook remains positive for the 2026/27 cane development and the forecast is looking strong, resulting in good soil moisture. With this positive outlook, market projects cane values over 620mmt for the coming season, but a small reduction on ATR and especially on the sugar mix at the first few weeks of production. The lower mix is expected especially at the beginning of the season, when ethanol stocks should still be at very low levels, especially with some frustrating corn ethanol production, potentially keeping ethanol prices at better levels than sugar.



- **Asia:** Thailand has officially entered its third month into its crushing season in February, showing notable improvements after a slow start since last December. As of 16th February, cumulative cane crushed has reached 64.5mmt till date, 7% lower than last year's. Cane crushed diverted to ethanol production on the other hand has seen a sharp increase at 0.98mmt compared to 0.074mmt last year. Region wise, the Eastern region is the slowest, with cane crushed down by 19% YoY, followed by Northern and North-east regions down by 8%. On the contrary, the Central region has seen a slight increase of 2% in cane crushed compared to last year. Sugar yield has improved generally across regions, up by 3% to 5% YoY, though minimal improvement in the North-east. Overall, sugar yield has steadily increased to 10.79% till date, higher than last year's 10.58%. Previously, we highlighted concerns on further downside on the sugar yield due to the slow crushing start and concerns of deteriorating cane quality towards the tail of the crop. However, the latest statistics suggest that the yield recovery is better than expected, exceeding last year's final yield of 10.59%, which we will consider the upside scenario for the rest of the season. The pace of Thailand raws exports in Jan'26 has seen a disappointing start, one of the slowest in recent years. This was largely due to the halt of exports to Indonesia, the world largest importer, due to the late issuance of import permits in January. The pace of exports only picked up in early February when the buyers received the official import permits and loading operations commenced. Till date, we have seen approximately 400k of Indo lineups in February, with a higher number expected by month end, though limited to possible vessel congestion at the Thailand ports. On China, the yields in the Guangxi cane region have improved and exceeded our initial expectations. Crushing pace remains strong overall, leading the market to project a production value close to 12m.
- **US:** The February WASDE report came out with small changes on the US SnD resulting on a minor increase on ending stocks. Louisiana production estimate is up again, after final numbers for the crop year, but this was mostly offset by a reduction on imports. Raws TRQ imports were down by 45kMTRV due to lower volume expected from the Philippines while TR2 (over quota) volumes were up by 35k MTRV due to a bulk raws vessel from Costa Rica that has arrived in January. All in all, STU are now projected at 15.9%, slightly higher than the 15.8% estimated in the January report, which still indicates an oversupplied market. There are still flags for potentially reduce stocks, such as possible damage from the cold temperatures at Florida fields, which are still being accessed and strong Q4 domestic deliveries, but continuous increases on TR2 numbers have been preventing projected ending stocks to reduce.
- **Mexico:** Mexican production continues to show good yields supporting the estimated growth of 4.8% to 5.00mmt, but the main risk remains the acreage to be harvested, that still sustain a significant delay YoY and even more when compared to previous years. Up to Feb 7th, the production numbers reported by Conadesuca shows a cumulative sugar output of 1688kt, only 22kt below last year's production, despite the delay on the harvest. Agricultural and industrial yields continue to show exceptional results YoY. With the high beginning stocks, and very low (only 188kt) US quota, exports to the WM may surpass 600kt and the pace of nominations have picked up along the past few weeks, with about half of the volume expected for the season already nominated. The main WM destination is Morocco with about 150kt already in the lineups.
- **Centrals:** The 2025/26 harvest continues to show encouraging production figures. Guatemala production up to Feb 8th has reached 1324kt compared to 1228kt last year, 8% higher YoY, supported by agricultural yields up 5.6% and sucrose levels up 2.1%. Given the previous, we have increased our Guatemala production estimate by 60kt to 2560kt (vs.2450kt in 24/25). On the trade side, exports from the Centrals region are beginning to pick up, though the pace remains slower than at the same time last year, reflecting the lower beginning stocks this season compared to a year ago. With the recent expiry of the London March contract, the region delivered approximately 180kt of refined sugar, predominantly from Guatemala, and refined nominations should also begin to pick up in the near term.



- **EU/UK:** The 2026/27 sugar outlook across the EU and the UK continues to indicate a 5-10% reduction in beet acreage, but generally solid production fundamentals following a strong 2025/26 campaign. Nordzucker expects EU beet plantings to decline by around 5% in 2026/27, as relatively low grain prices are likely to limit large-scale switching away from beet. Total EU sugar output could fall by as much as 9%, assuming weather conditions do not match the favourable pattern seen this season. For now, recent rainfall and cool temperatures are supporting crop development prospects. In Poland, Krajowa Grupa Spożywcza (KGS) concluded the 2025/26 campaign with a record 1.2 million tonnes of sugar, up 41,000 tonnes YoY. Average beet yields reached 69.4 tonnes per hectare, with sugar content at 16.2%. Pfeifer & Langen Polska also completed its campaign in early February, although frost and heavy snowfall during December and January caused temporary logistical delays. In France, Cristal Union increased sugar production to 1.6 million tonnes, compared with 1.5 million tonnes the previous year, while ethanol output rose to 2.1 million hectolitres. Beet yields averaged 90 tonnes per hectare, lifting sugar yields to 14 tonnes per hectare, and the cooperative reported that all its sugar plants have now achieved water autonomy. In Austria, growers and AGRANA agreed a revised contract model that strengthens price support in low-price environments but reduces returns when market prices are high. Austrian beet acreage is expected to decline by around 10% in 2026. Switzerland has reported improved beet yields of 83 tonnes per hectare alongside higher sugar content, although technical disruptions at the Frauenfeld plant may prolong processing into February, potentially affecting beet quality. Meanwhile, the 2026 cane campaign in Guadeloupe began on 19 February, with total cane output forecast at 418,000 tonnes, though negotiations between growers and millers over supply contracts remain ongoing. In the United Kingdom, British Sugar is set to conclude the 2025/26 campaign earlier than usual after producing 1.1 million tonnes of sugar, slightly above last year's level, with average yields of 78 tonnes per hectare, although sugar content was somewhat lower.
- **CIS:** Russia's 2026 beet area is forecast at 1.17 million hectares, down 2.4% YoY, according to the Ministry of Agriculture. However, gross beet output is projected to increase to 51.85 million tonnes, compared with around 48.3 million tonnes in 2025, supported by an average yield of 44.2 tonnes per hectare. For 2026/27, Russian sugar output is projected at 6.45 million tonnes, slightly above the 6.37 million tonnes recorded in 2025/26. As of the 1st of January 2026, white sugar stocks stood at 2.42 million tonnes, down 7.8% YoY. In Ukraine, 26 plants affiliated with Ukrugar produced 1.64 million tonnes of sugar during the 2025/26 campaign, with total national output reaching 1.72 million tonnes. Despite a 23% reduction in planted area, production declined by only 4%, supported by record beet yields of 58 tonnes per hectare and sugar content of 17.6%, alongside operational efficiency gains. In Moldova, approximately 3,000 hectares of beet remained to be harvested in mid-winter following autumn lifting of 11,500 hectares, marking an unusually delayed campaign. The Eurasian Economic Commission has granted Kazakhstan and Kyrgyzstan duty-free raw sugar import quotas for 2026, amounting to 100,000 tonnes and 20,000 tonnes respectively.

## Focus – India

The Indian 2025/26 sugar crop began with high expectations. Acreage expanded and a favourable monsoon supported crop development, leading the market to project a large production of around 35–36 million tonnes of gross sugar—roughly 5 million tonnes above the previous season. In line with this outlook, the government moved quickly to approve an export quota of 1.5 million tonnes early in the season. Production forecasts also received an additional boost as the volume of sugar allocated to oil marketing companies fell below market expectations, effectively increasing sugar availability.

The harvest started on time and initially delivered significantly higher output than the previous season. Sugar production averaged about 20% above last year's levels, while domestic prices declined sharply, creating export

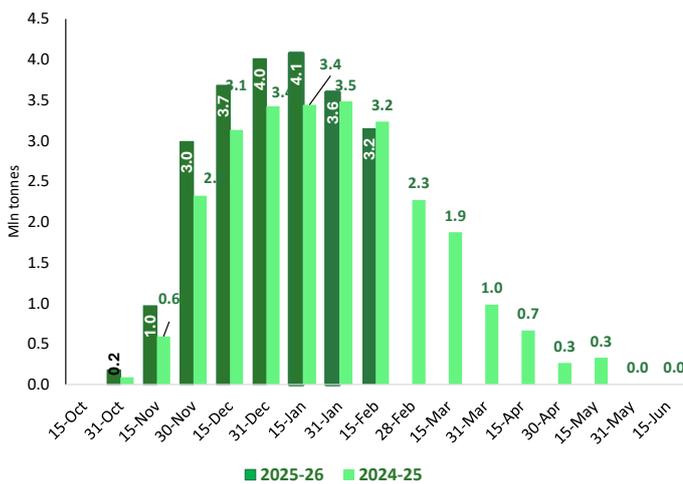


opportunities during the final two months of 2025. However, exports remained subdued, totalling only around 200,000 tonnes by the end of December, suggesting that the season was not unfolding as initially anticipated.

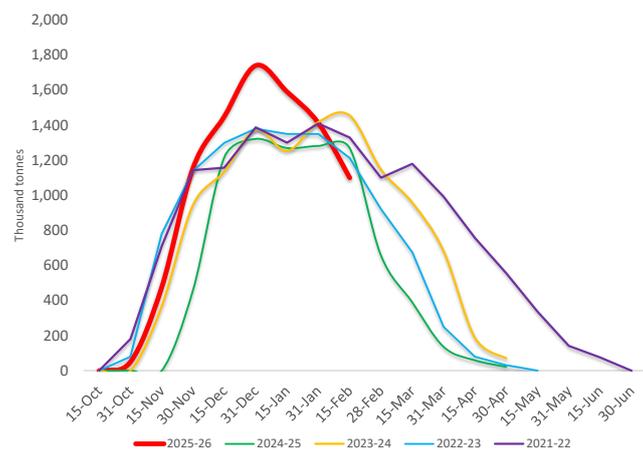
With a sugar surplus on the horizon the international sugar prices falling more than the Indian domestic values, leading producers to hold exports. Domestic sales were also behind the market expectation which make the market believe that India was going to have a big stock increase in the end of the crop 25/26 which may have pushed the government to add more export allowance quota which moved from 1.5mmt to 2mmt.

Conditions shifted markedly in February, as millers began reporting an earlier-than-expected end to the crushing season. Although production by mid-February reached 22.7 million tonnes—around 15% higher than in the 2024/25 crop—the National Federation of Cooperative Sugar Factories indicated that nearly 70% of mills in Maharashtra were close to completing harvest, with sugar output expected to conclude by mid-March. Cane growers in Maharashtra and neighbouring Karnataka reported that excessive rainfall impaired root development and accelerated crop maturity. In northern India, particularly in Uttar Pradesh, farmers noted cane shortages driven by increased diversion to gur production and lower ratoon yields.

**Figure 3: India - Sugar production evolution**



**Figure 4: Maharashtra sugar production evolution**



Source: EDF Man Commodity Research

As a result, sugar output is now expected to be around 28–29 million tonnes, roughly 5 million tonnes below early-season expectations. This would push ending stocks below 4 million tonnes, marking a record low for the country. Under these conditions, it would not be surprising if the government were to cancel all export permits in the coming months, particularly given the rising probability of an El Niño event, which could significantly disrupt the Indian monsoon and further reduce prospects for the next crop.

Overall, India could shift global market sentiment in the months ahead. Weather developments and the potential disappearance of the global surplus, driven by a smaller Indian crop, may provide support to prices. India has played its part in improving sentiment—will Brazil follow suit?


**Prices Tab**

<b>New York #11</b>				<b>London #5</b>			
<i>(cents/lb)</i>	23-Feb	30-Jan	% change	<i>(\$/tonne)</i>	23-Feb	30-Jan	% change
Mar (26)	14.45	14.27	1.3% ↑	May (26)	408.2	409.4	-0.3% ↓
May (26)	14.00	13.84	1.2% ↑	Aug (26)	405.4	404.8	0.1% ↑
<b>New York #16</b>				<b>White Premium</b>			
<i>(cents/lb)</i>	23-Feb	30-Jan	% change	<i>(\$/tonne)</i>	23-Feb	30-Jan	% change
Mar (26)	31.95	33.00	-3.2% ↓	May/Mar	89.6	94.8	-5.5% ↓
May (26)	32.45	33.00	-1.7% ↓	May/May	96.8	99.7	-2.9% ↓
<b>Macro</b>				<b>Currencies</b>			
<i>Indicators</i>	23-Feb	30-Jan	% change	<i>Against US\$</i>	23-Feb	30-Jan	% change
CRB	310.1	320.1	-3.1% ↓	Euro (EU) *	1.178	1.185	-0.5% ↓
Gold	5,231	4,864	7.5% ↑	Pound (GB) *	1.349	1.369	-1.5% ↓
Brent Oil	71.49	70.69	1% ↑	Real (Brazil)	5.172	5.257	1.6% ↑
Baltic Dry	2,112	1,762	20% ↑	Rupee (India)	91.01	91.67	0.7% ↑
Handysize	711	600	19% ↑	Rouble (Russia)	76.92	76.00	-1.2% ↓
				(* rate is US dollars per FX)			

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